

Taxpayers under the Electricity Excise Tax that have chosen to become self-assessing purchasers may choose which accounts to self-assess electricity excise tax. See 35 ILCS 640/2-1 et seq. (This is a GIL).

April 23, 1999

Dear Mr. Xxxxx:

This letter is in response to your letter dated March 12, 1999. The nature of your letter and the information you have provided require that we respond with a General Information Letter, which is designed to provide general information, is not a statement of Department policy and is not binding on the Department. See 86 Ill. Adm. Code 1200.120(b) and (c), enclosed.

In your letter, you have stated and made inquiry as follows:

Taxpayer is an Illinois corporation recently registered as a Self-Assessing Purchaser for the Electricity Excise Tax. Taxpayer purchases the bulk of its power from COMPANY and the remainder from an out-of-state independent power broker (IPB). All necessary arrangements have been made with COMPANY for taxpayer to self assess and pay the tax on power purchased from COMPANY.

The IPB charges a State of Illinois Public Utility Tax on the power it sells to the taxpayer.

Is the taxpayer required to make arrangements with the IPB to self assess the tax on those sales or is taxpayer's payment of the Illinois Public Utility Tax to the IPB deemed by the Department to be a proper method of paying the tax?

Please respond to ####.

Thank you for your time and consideration.

Effective August 1, 1998, the tax imposed under Section 2 of the Public Utilities Revenue Act concerning electricity was repealed. 35 ILCS 620/2. As its replacement, the Electricity Excise Tax Law became effective August 1, 1998. 35 ILCS 640/1 et seq. This tax is imposed upon the privilege of using in this State electricity purchased for use or consumption and not for resale, other than by municipal corporations owning and operating a local transportation system for public service. The incidence of this tax is on the consumers of electricity. The Electricity Excise Tax Law requires collection of the tax by a "delivering supplier maintaining a place of business in this State." See 35 ILCS 640/2-7.

Nonresidential taxpayers, as defined under the Electricity Excise Tax Law, may elect to become self-assessing purchasers on all or some of their electricity

accounts. 35 ILCS 640/2-10. Upon proper application and payment of a non-refundable \$200 biennial fee, the self-assessing purchasers are issued certificates of registration that permits those persons to whom they are issued to pay the tax incurred under the Electricity Excise Tax Law directly to the Department for a period of 2 years.

The self-assessing taxpayers must list on Form RPU-5 which electricity suppliers and accounts they elect to self-assess and pay Electricity Excise Tax on directly to the Department. Once a delivering supplier receives the notice from the Department listing the effective date of the applicant's registration as a self-assessing purchaser and the copy of the applicant's RPU-5 listing the accounts chosen by the applicant, the delivering supplier is no longer required to collect Electricity Excise Tax on those accounts for any bills issued on or after that effective date.

If a taxpayer does not list an account with a delivering supplier on the applicant's RPU-5, the tax must be collected by the delivering supplier if the delivering supplier maintains a place of business in this State. Please note that the delivering supplier must collect the Electricity Excise Tax based upon the number of kilowatt-hours received by the taxpayer. See 35 ILCS 640/2-7.

If a self-assessing purchaser is receiving electricity from a supplier that is not required to be registered or is not voluntarily registered to collect Electricity Excise Tax in this State, the self-assessing purchaser must self-assess Electricity Excise Tax based upon 5.1% of the self-assessor's purchase price of that electricity.

I hope this information is helpful. The Department of Revenue maintains a Web site, which can be accessed at www.revenue.state.il.us. If you have further questions related to the Illinois sales tax laws, please contact the Department's Taxpayer Information Division at (217) 782-3336.

If you are not under audit and you wish to obtain a binding Private Letter Ruling regarding your factual situation, please submit all of the information set out in items 1 through 8 of the enclosed copy of Section 1200.110(b).

Very truly yours,

Terry D. Charlton
Associate Counsel

TDC:msk
Enc.